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13  
14 IN THE UNITED STATES BANKRUPTCY COURT  
15 EASTERN DISTRICT OF WASHINGTON

16 In re  
17 CENTURION PROPERTIES III,  
LLC  
18 Debtor and Debtor-in-Possession.

Chapter 11

Case No. 10-04024-FLK 11

**GENERAL ELECTRIC CAPITAL  
CORPORATION'S MOTION FOR  
RELIEF FROM THE AUTOMATIC  
STAY PURSUANT TO 11 U.S.C. §  
362(d), FEDERAL RULE OF  
BANKRUPTCY PROCEDURE 4001  
AND LOCAL BANKRUPTCY RULE  
4001-1**

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1           **TO THE HONORABLE FRANK L. KURTZ, UNITED STATES**  
2 **BANKRUPTCY JUDGE, THE DEBTOR, THE OFFICE OF THE UNITED**  
3 **STATES TRUSTEE, AND OTHER PARTIES IN INTEREST:**

4           General Electric Capital Corporation (“**GECC**”), by and through its  
5 undersigned counsel, hereby moves (this “**Motion**”) the above captioned Court for  
6 relief from the automatic stay pursuant to Section 362(d) of Title 11, United States  
7 Code (the “**Bankruptcy Code**”), Rule 4001 of the Federal Rules of Bankruptcy  
8 Procedure (the “**Bankruptcy Rules**”) and Local Bankruptcy Rule 4001-1.

9           This Motion is based on the Notice of Motion, the Memorandum of Points  
10 and Authorities in support hereof, the Compendium of Exhibits, and the  
11 declarations of Sebastian Perin of GECC, Peter Shorett of Kidder Mathews and  
12 Ted Dillman of Latham & Watkins LLP in support of the Motion, all filed  
13 concurrently herewith, as well as all pleadings, records, and files in this action, and  
14 upon further evidence and argument as may be submitted at or before the hearing  
15 on this Motion.

16           The Debtor’s key asset is its leasehold interest (the “**Battelle Leaseholds**”)  
17 in a campus-style property located in Richland, Washington (the “**Battelle**  
18 **Property**”). The Debtor leases the underlying land from Battelle Memorial  
19 Institute (“**Battelle**”) under certain ground leases, expiring between 2051 and 2060  
20 (the “**Ground Leases**”). The Debtor owns the five buildings, related  
21 improvements and common areas (the “**Facilities**”) located on the Battelle  
22 Property and leases these Facilities back to Battelle under shorter term Facilities  
23 Leases, expiring between 2017 and 2018 (the “**Facilities Leases**”). Pursuant to the  
24 terms of the Facilities Leases, Battelle pays the Debtor significantly more than the  
25 Debtor pays Battelle pursuant to the terms of the Ground Leases.

26           The Battelle Leaseholds and proceeds therefrom constitute substantially all  
27 of the Debtor’s assets. GECC is the largest creditor of the Debtor and it is  
28 undisputed that GECC holds a valid, perfected, enforceable, and unavoidable first

1 priority lien on and security interest in substantially all of the Debtor's assets,  
2 including the Battelle Leaseholds and proceeds therefrom, which secure the  
3 Debtor's prepetition and postpetition obligations to GECC. GECC timely filed a  
4 Proof of Claim in the amount of \$59,190,636.94 [Claim No. 2], plus postpetition  
5 default interest, fees and costs to which GECC is legally entitled under Section  
6 506(b) of the Bankruptcy Code. As of April 15, 2011, GECC's claim will total not  
7 less than \$61,678,555.07 (plus fees and costs), and by June 4, 2011, if not before,  
8 GECC's secured claim will have surpassed the net market value of the Battelle  
9 Leaseholds.

10 Relief from stay is proper because:

- 11 • As evidenced by the appraisal report included as **Exhibit A** in the  
12 Compendium of Exhibits, the market value of the Battelle  
13 Leaseholds net of costs of sale and transfer taxes is approximately  
14 \$62,080,000. While GECC began the case oversecured, GECC's  
15 claim will exceed the net market value of the Battelle Leaseholds  
16 by June 4, 2011, if not before, as a result of the continued accrual  
17 of default interest, fees and costs. In addition, there are disputed  
18 second and third liens purportedly encumbering the Battelle  
19 Leaseholds. To the extent the Battelle Leaseholds had any value to  
20 the Debtor, litigating these claims will erode this value.
- 21 • No reorganization is possible because the Debtor cannot obtain  
22 sufficient financing to repay GECC, cannot afford to cram down  
23 GECC, and cannot reinstate GECC's fully matured Loan.
- 24 • The value of the Battelle Leaseholds continues to decline on  
25 account of the ever-decreasing future revenue stream remaining  
26 under the Facilities Leases, and the Debtor has not made any  
27 meaningful progress in the case.

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1 Therefore, through this Motion, GECC seeks relief from the automatic stay  
2 pursuant to Section 362(d) of the Bankruptcy Code (1) for cause, including the  
3 lack of adequate protection, and (2) because the Debtor has no equity in the  
4 Battelle Leaseholds and the Battelle Leaseholds are not necessary to an effective  
5 reorganization of the Debtor because no reorganization is possible. The requested  
6 relief will allow GECC to exercise any and all state law rights and remedies related  
7 to the collateral for its Loan to the Debtor, including, without limitation,  
8 foreclosure.

9 DATED: April 8, 2011

Respectfully submitted,

10 STOEL RIVES LLP

11 By: /s/ Erin L. Eliassen  
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14 and

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